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1-22-2002

# LOCAL GOVERNMENT REIMBURSEMENTS. INITIATIVE CONSTITUTIONAL AMENDMENT.

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**BILL JONES**  
*Secretary of State*  
*State of California*

**ELECTIONS DIVISION**  
(916) 657-2166  
1500 - 11<sup>th</sup> STREET  
SACRAMENTO, CA 95814  
Voter Registration Hotline  
1-800-345-VOTE  
For Hearing and Speech Impaired  
Only  
1-800-833-8683  
e-mail: comments@ss.ca.gov

July 8, 2002

RECEIVED  
JUL 15 2002  
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TO: ALL COUNTY CLERKS/REGISTRARS OF VOTERS AND  
PROPOSERS (02187)

FROM: Brianna Lierman  
BRIANNA LIERMAN  
ELECTIONS ANALYST

SUBJECT: FAILURE OF INITIATIVE #951

Pursuant to Elections Code section 9030(b), you are hereby notified that the total number of signatures to the hereinafter named INITIATIVE CONSTITUTIONAL AMENDMENT with all county elections officials is less than 100 percent of the number of qualified voters required to find the petition sufficient; therefore, the petition has failed.

TITLE: LOCAL GOVERNMENT REIMBURSEMENTS.

SUMMARY DATE: 01/22/02

PROPOSERS: CHRISTOPHER K. MCKENZIE  
STEVEN C. SZALAY  
CATHERINE A. SMITH



**DIVISIONS:**

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Political Reform  
Uniform Commercial Code



**BILL JONES**  
*Secretary of State*  
*State of California*

January 22, 2002

**ELECTIONS DIVISION**

(916) 657-2166  
1500 - 11<sup>th</sup> STREET  
SACRAMENTO, CA 95814  
Voter Registration Hotline  
1-800-345-VOTE  
For Hearing and Speech Impaired  
Only  
1-800-833-8683  
e-mail: comments@ss.ca.gov

TO: ALL REGISTRARS OF VOTERS OR COUNTY CLERKS AND PROPONENTS  
(02025)  
FROM: Brianna Lierman  
BRIANNA LIERMAN  
ELECTIONS ANALYST

SUBJECT: **INITIATIVE #951**

Pursuant to Elections Code section 336, we transmit herewith a copy of the Title and Summary prepared by the Attorney General on a proposed initiative measure entitled:

**LOCAL GOVERNMENT REIMBURSEMENTS.  
INITIATIVE CONSTITUTIONAL AMENDMENT.**

The proponents of the above-named measure are:

Christopher K. McKenzie  
Steven C. Szalay  
Catherine A. Smith

c/o Cathy Christian  
Nielsen, Merksamer, Parrinello,  
Mueller & Naylor, LLP  
770 L Street, Suite 800  
Sacramento, CA 95814

(916) 446-6752

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FEB 13 2002

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**#951**  
**LOCAL GOVERNMENT REIMBURSEMENTS.**  
**INITIATIVE CONSTITUTIONAL AMENDMENT.**  
**CIRCULATING AND FILING SCHEDULE**

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1. Minimum number of signatures required: ..... 670,816  
California Constitution, Article II, Section 8(b)
2. Official Summary Date:..... Tuesday, 01/22/02  
Elections Code section (EC§) 336
3. Petitions Sections:
  - a. First day Proponent can circulate Sections for  
signatures (EC §336) ..... Tuesday, 01/22/02
  - b. Last day Proponent can circulate and file  
with the county. All sections are to be filed at the  
same time within each county (EC §336, 9030(a)) ..... Friday, 06/21/02
  - c. Last day for county to determine total number of  
signatures affixed to petitions and to transmit total  
to the Secretary of State (EC §9030(b))..... Wednesday, 07/03/02  
  
(If the Proponent files the petition with the county on a date prior to 06/21/02,  
the county has eight working days from the filing of the petition to determine the  
total number of signatures affixed to the petition and to transmit the total to the  
Secretary of State) (EC §9030(b)).
  - d. Secretary of State determines whether the total number  
of signatures filed with all county clerks/registrars of  
voters meets the minimum number of required signatures,  
and notifies the counties ..... Friday, 07/12/02\*
  - e. Last day for county to determine total number of qualified  
voters who signed the petition, and to transmit certificate  
with a blank copy of the petition to the Secretary of State  
(EC §9030(d)(e)) ..... Friday, 08/23/02

\* Date varies based on receipt of county certification.

## INITIATIVE #951

### Circulating and Filing Schedule continued:

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(If the Secretary of State notifies the county to determine the number of qualified voters who signed the petition on a date other than 07/12/02, the last day is no later than the thirtieth day after the county's receipt of notification). (EC §9030(d)(e)).

- f. If the signature count is more than 461,186 or less than 398,297 then the Secretary of State certifies the petition as qualified or failed, and notifies the counties. If the signature count is between 398,297 and 461,186 inclusive, then the Secretary of State notifies the counties using the random sampling technique to determine the validity of all signatures (EC §9030(f)(g); 9031(a)) ..... Monday, 09/02/02\*
- g. Last day for county to determine actual number of all qualified voters who signed the petition, and to transmit certificate with a blank copy of the petition to the Secretary of State. (EC §9031(b)(c)). ..... Wednesday, 10/16/02

(If the Secretary of State notifies the county to determine the number of qualified voters who have signed the petition on a date other than 09/02/02, the last day is no later than the thirtieth working day after the county's receipt of notification) (EC §9031(b)(c)).

- h. Secretary of State certifies whether the petition has been signed by the number of qualified voters required to declare the petition sufficient (EC §9031(d); 9033)..... Sunday, 10/20/02\*

\* Date varies based on receipt of county certification.

## IMPORTANT POINTS

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- California law prohibits the use of signatures, names and addresses gathered on initiative petitions for any purpose other than to qualify the initiative measure for the ballot. This means that the petitions cannot be used to create or add to mailing lists or similar lists for any purpose, including fundraising or requests for support. Any such misuses constitutes a crime under California law. Elections Code section 18650; *Bilofsky v. Deukmejian* (1981) 123 Cal. App. 3d 825, 177 Cal. Rptr. 621; 63 Ops. Cal. Atty. Gen. 37 (1980).
- Please refer to Elections Code sections 100, 101, 104, 9001, 9008, 9009, 9021, and 9022 for appropriate format and type consideration in printing, typing and otherwise preparing your initiative petition for circulation and signatures. Please send a copy of the petition after you have it printed. This copy is not for our review or approval, but to supplement our file.
- Your attention is directed to the campaign disclosure requirements of the **Political Reform Act of 1974**, Government Code section 81000 et seq. A brief summary is attached for your reference.
- When writing or calling state or county elections officials, provide the official title of the initiative which was prepared by the Attorney General. Use of this title will assist elections officials in referencing the proper file.
- When a petition is presented to the county elections official for filing by someone other than the proponent, the required authorization shall include the name or names of the persons filing the petition.
- When filing the petition with the county elections official, please provide a blank petition for elections official use.

Enclosures

**BILL LOCKYER**  
Attorney General

*State of California*  
**DEPARTMENT OF JUSTICE**



1300 I STREET, SUITE 125  
P.O. BOX 944255  
SACRAMENTO, CA 94244-2550  
Public: (916) 445-9555

Facsimile: (916) 324-8835  
(916) 324-5490

January 22, 2002

Bill Jones  
Secretary of State  
1500 - 11<sup>th</sup> Street, 5<sup>th</sup> Floor  
Sacramento, California 95814

**FILED**  
In the office of the Secretary of State  
of the State of California

**JAN 22 2002**

RE: Initiative Title and Summary  
SUBJECT: LOCAL GOVERNMENT REIMBURSEMENTS.  
INITIATIVE CONSTITUTIONAL AMENDMENT  
FILE NO: SA2001RF0046

BILL JONES, Secretary of State  
*Tricia Knight*  
Deputy Secretary of State

Dear Mr. Jones:

Pursuant to the provisions of sections 9004 and 336 of the Elections Code, you are hereby notified that on this day we mailed our title and summary to the proponents of the above-identified proposed initiative.

Enclosed is a copy of our transmittal letter to the proponents, a copy of our title and summary, a declaration of service thereof, and a copy of the proposed measure.

According to information available in our records, the names and address of the proponents are as stated on the declaration of service.

Sincerely,

*Tricia Knight*

TRICIA KNIGHT  
Initiative Coordinator

For BILL LOCKYER  
Attorney General

TK:cw  
Enclosures



The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

LOCAL GOVERNMENT REIMBURSEMENTS. INITIATIVE CONSTITUTIONAL

AMENDMENT. Requires state to reimburse local governments for costs, reduction in funds, or amount paid by or charged to local government for: imposing new programs or higher service levels in existing programs, increasing local government's statutory share of jointly funded programs; reducing local government's share of local taxes, fees, vehicle license fees; reducing revenues from fines and forfeitures; and modifying special fund allocations. Permits Legislature to suspend local government reimbursements for one year, and with voter approval, for a total of three consecutive fiscal years in a 10 year period. Requires public financial accountability process. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: Measure would result in higher state costs than otherwise would have occurred, potentially several billion dollars annually. Commensurate increase in funding to cities, counties, and special districts. Increased costs to schools, cities, counties, and special districts to develop financial and performance reports, possibly exceeding several million dollars annually.

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NOV 21 2001

November 13, 2001

INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

Tricia Knight  
Initiative Coordinator  
Office of Attorney General  
1300 I Street  
Sacramento, CA 95814

Re: Request for Title and Summary for Local Revenue Accountability Act [Option 2]

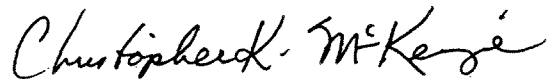
Dear Ms. Knight:

We are the proponents for the Local Revenue Accountability Act [Option 2] and are registered voters residing in Sacramento County. We request that the Attorney General prepare a title and summary for this initiative measure. Enclosed is a check in the amount of \$200 payable to the State of California.

We are submitting our addresses under separate cover. Please forward any questions you may have concerning this measure to Cathy Christian at:

Nielsen, Merksamer, Parrinello, Mueller & Naylor, LLP  
770 L Street, Suite 800  
Sacramento, California 95814  
(916) 446-6752

Cordially,



Christopher K. McKenzie



Steven C. Szalay



Catherine A. Smith

CAC/mc

## LOCAL REVENUE ACCOUNTABILITY ACT

### Section 1. Short Title.

This amendment to the California Constitution shall be known and may be cited as the Local Revenue Accountability Act

### Section 2. Findings and Declarations

(a) More than 20 years ago, California voters overwhelmingly approved a state constitutional amendment that was intended to prohibit the State Government from imposing new costs on local governments unless the state fully reimburses local governments for those additional costs. Recently, however, a series of court rulings and actions by State Government have undermined that voter-approved law.

(b) These recent court decisions and State Government actions are allowing the state to circumvent the people's intent by forcing local governments to provide services without fully reimbursing the local governments for the additional costs. In addition, they are allowing the state to take or shift local property tax revenues away from local governments to pay for state programs. Thus, the State Government can now take away local tax revenues anytime it chooses, forcing local governments to either raise local fees or taxes to maintain local services at acceptable levels or reduce the budgets and staff levels for local services.

(c) Local governments provide many vitally important services to California citizens, including police, fire and emergency medical services, public health and library services, and road and street maintenance and repair. To fund these local services, local governments depend primarily on revenues raised by local taxes and fees.

(d) The Local Revenue Accountability Act is proposed to uphold the people's intent with regard to uses of local revenues and to restore local control over local taxes and fees by:

(1) reaffirming the people of California's intent that the State Government is prohibited from imposing new costs on local governments without reimbursing local governments for those additional costs;

(2) requiring the State Government to fully reimburse local governments for the increased costs of new state-imposed programs, higher service levels, increases in local government costs for state-local programs, or state-imposed reduction or transfer of local government revenue;

(3) prohibiting the State Government from taking away or diverting local revenues that are used by local governments to pay for local services such as police, fire and emergency medical services;

(4) reaffirming and maintaining the State Government's obligation to support school districts and community college districts; and

(5) creating new government accountability and public right-to-know requirements for the local government spending and budget process, and annual audits to help assure that local government spending complies with public spending priorities.

(e) In recognition that there may occasionally be special circumstances when increased flexibility in the state budget may be necessary, this measure will allow the Legislature to enact, by two-thirds vote, an emergency suspension of its local government reimbursement requirements for one fiscal year in any ten year period. The measure also allows a longer period of emergency suspension if such suspension is explicitly approved by California voters.

**Section 3. Article XIII B, § 1.5 of the California Constitution is hereby amended to read as follows:**

Sec. 1.5 The annual calculation of the appropriations limit under this article for each entity of local government shall be reviewed as part of an annual financial audit. In conjunction with the annual calculation of the appropriations limit under this article or the accountability process provided for in section 6.5, each entity of local government shall provide the public with the opportunity to review the amount of reimbursement received by the local government pursuant to Section 6 in the prior year, in order that effective oversight of the Legislature and state agencies' obligations to reimburse local government can be accomplished at the local level.

**Section 4. Article XIII B, § 6 of the California Constitution is hereby amended to read as follows:**

~~SEC. 6. Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:~~

- ~~—(a) Legislative mandates requested by the local agency affected;~~
- ~~—(b) Legislation defining a new crime or changing an existing definition of a crime; or~~
- ~~—(c) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.~~

Sec. 6. (a)(1) Except as otherwise provided in paragraph (2), the State shall reimburse each local government, by providing a subvention of funds, for the costs, reduction in revenue or funds, or the amount paid by or charged to that local government, whenever the Legislature or any state agency, whether by statute or by regulation, does any of the following:

- (A) Mandates a new program or higher level of service on any local government.
  - (B) Mandates an increase in any local government's statutory share of funding of a mandated program funded jointly by the local government and the State.
  - (C) Reduces, or reallocates, or redistributes from one local government to another or to a state-created fund for any purpose, revenues or funds derived from the ad valorem property tax or from any local tax, fee, or assessment.
  - (D) Reduces or eliminates or fails to appropriate that amount of revenue required to be allocated by the statutory allocation formula set forth in the Vehicle License Fee Law (Part 5 commencing with Section 10701 of Division 2 of the Revenue and Taxation Code), as it read on January 1, 2001.
  - (E) Changes the requirements to distribute revenues to local governments as set forth in Sections 1463 to 1465.6, inclusive, of the Penal Code and Article 3 (commencing with Section 40200) of Chapter 1 of Division 17 of the Vehicle Code, as those statutes read on January 1, 2001.
  - (F) Modifies the allocation formulas prescribed by Chapter 6 (commencing with Section 17600) of Part 5 of Division 9 of the Welfare and Institutions Code, as that chapter read on January 1, 2001.
- (2) The Legislature may, but need not, reimburse by providing a subvention of funds for the following mandates:
- (A) Legislative mandates requested by the local agency affected.
  - (B) Legislation defining a new crime or changing an existing definition of a crime.
  - (C) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.

(b) (1) Except as provided herein, the provisions of subdivision (a)(1)(B) through (F) may be suspended by the Legislature in a ten year period for one fiscal year only, by the enactment of an urgency statute, other than the annual Budget Act, as described in subdivision (d) of Section 8 of Article IV. The provisions of subdivision (a)(1)(B) through (F) may be suspended for an additional period of up to two consecutive fiscal years, for a total consecutive suspension of three fiscal years, by the enactment of an urgency statute, other than the annual Budget Act, as described in subdivision (d) of Section 8 of Article IV, but only if the additional suspension is submitted to and approved by a majority of the electorate at the next statewide election as provided for in subdivision (b)(2).

During that ten year period, the Legislature may not enact a statute suspending the provisions of subdivisions (a)(1)(B) through (F) if the provisions of any or all of those subdivisions have been previously suspended pursuant to this subdivision.

For purposes of this section, "a ten year period" shall commence on the date of the enactment of the statute that imposes the suspension pursuant to this subdivision (b)(1).

(2) The Secretary of State shall submit the question to the electorate in the following form: "Shall the action taken by the Legislature and Governor in [Chapter \_\_\_\_ of the Statutes of \_\_\_\_] pursuant to subdivision (b)(1) of Section 6 of Article XIIIB, suspending certain reimbursement obligations to local government, be approved?"

(3) If the question submitted pursuant to subdivision (b)(1) is not approved by a majority of the electorate, the statute suspending the subvention requirement shall be of no further force and effect on the first day of the fiscal year immediately subsequent to the fiscal year in which the election occurred and the Legislature may not enact any other statute pursuant to subdivision (b)(1) of Section 6 of Article XIIIB within the ten year period which commences on the date of the enactment of the statute that imposed the suspension that was disapproved by the voters.

(4) If the provisions of subdivision (a)(1)(B) through (F) are suspended in a manner contrary to the provisions of paragraph (1), any statute or regulation that imposes the conditions that otherwise would require a subvention of funds pursuant to subdivisions (a)(1)(B) through (F), shall be inoperative during the period of that violation.

(5) If the Legislature or any state agency, whether by statute or regulation, imposes the conditions described in subdivision (a) during calendar year 2002, such action(s) shall be construed as a suspension of the subvention requirement of subdivision (a) for purposes of subdivision (b)(1).

(c) The amount of any subvention to a local government required by subdivision (a)(1)(C) shall be equal to the actual amount reduced, reallocated, or redistributed, not to exceed the amount of revenue received, in the fiscal year immediately preceding the first year the statute or regulation requiring the subvention took effect, by the local government from which the revenues are reduced, reallocated or redistributed. This amount shall be adjusted annually to the current fiscal year by the change in the cost of living, as defined in paragraph (2) of subdivision (e) of Section 8, and the change in population as defined in Section 7901 of the Government Code, as that section read on January 1, 2001.

(d) Except in the case of a suspension pursuant to subdivision (b), for any claim filed by a local government to enforce this section for a mandate imposed after January 1, 2002, the State bears the burden of proof that a subvention of funds is not required by this section.

**Section 5. Article XIII B of the California Constitution is hereby amended by adding Section 6.5 to read as follows:**

Section 6.5 Each local agency shall design and conduct an accountability process which provides the public with the opportunity to have input into the development of each fiscal year's goals for services and priorities for spending taxpayer dollars, including funds received pursuant to Section 6, and which produces a written description of those service goals and spending priorities. Subsequent to the close of its fiscal year, each local agency shall issue a written report describing how its provision of services achieved its goals and how its expenditures conformed to its spending priorities, noting any deviations from the goals for services and spending priorities and the reasons thereof. At the end of its fiscal year, each local agency shall undergo a financial audit and shall present the findings of the audit at a public meeting.

The requirements of this section do not supersede, preempt or otherwise modify budget process or accountability provisions of a city or county charter adopted by the voters of such city or county either prior to or subsequent to the effective date of this section.

**Section 6. Construction.** This measure shall be liberally construed to effectuate its purpose of requiring the State to reimburse local governments whenever the State increases the responsibilities of local governments or reduces the existing funding of local governments. This measure shall not be construed to provide independent authority to the Legislature or any entity of state government to reallocate revenues or funds derived from locally adopted taxes, fees, assessments, or charges and shall be applied in a manner that does not have a fiscal impact upon the amounts of revenue otherwise required to be applied by the State for the support of school districts and community college districts pursuant to Section 8 of Article XVI of the California Constitution.

**Section 7. Severability.** If any part of this measure or the application to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications that reasonably can be given effect without the invalid provision or application.